DRAFT

Massachusetts

1. Massachusetts Commonwealth Health Insurance Connector Authority – Implemented April 12, 2006
2. Employer
   a. *Fair Share Contribution* – A fee that an employer will pay if they do not make a "fair and reasonable" premium contribution to the health insurance of their employees. These fees will be used to help fund the health plans that are subsidized by the state and are available to people who do not have access to employer sponsored health insurance. Employers are subject to this fee if they have 11 or more FTE employees (employed in Massachusetts) AND the employer does not make a "fair and reasonable premium contribution towards health insurance for their employees. A "fair and reasonable" premium contribution exists if there is at least 25% participation by full time employees in the employer's group health plan OR the employer offers to contribute at least 33% of the premium cost of its health plan to all full time employees employed more than 90 days during the period from October 1, 2006 to September 30, 2007. The Fair Share Contribution Fee will be no more than $295 per employee per year (this amount is pro-rated for part time employees).
   b. *Free Rider Surcharge (Formally known as the "Employer Surcharge for State-Funded Health Costs")* – A penalty an employer must pay if they do no offer a Section 125 Plan to their employees that meets the needs of the Commonwealth Connector. The requirement to adopt a Section 125 Plan went into effect July 1, 2007. The surcharge is assessed for "state-funded health services" that are incurred by employees and/or their dependents. An employer may be subject to the Free Rider Surcharge if they have 11 or more employees AND employees or their dependents received "state-funded health services" AND these employees were not offered a Section 125 Plan that meets the regulations of the Connector AND the "state-funded health services" are at least $50,000 in one hospital fiscal year. The dollar amount of the Free Rider Surcharge will vary based upon the number of employees, the utilization of "state-funded health services", total state-funded costs, and the percentage of employees enrolled in the employer's health plan.
   c. ***NOTE – EMPLOYERS ARE NOT RESPONSIBLE FOR EMPLOYEES WHO REFUSE EMPLOYER SPONSORED HEALTH INSURANCE (BUT THE EMPLOYER DOES NEED TO FILE A HEALTH INSURANCE RESPONSIBILITY DISCLOSURE FORM FOR EACH EMPLOYEE THAT REFUSES EMPLOYER SPONSORED HEALTH INSURANCE.)***
3. Individuals
   a. *Individual Mandate* – A requirement that all Massachusetts residents over the age of 18 obtain and maintain health insurance that meets minimum coverage requirements beginning July 1, 2007. Individuals who could not show proof of health insurance by December 31, 2007 will lose their personal income tax exemption when filing their 2007 income taxes. The 2006 personal income tax exemption is $3850 for an individual, which translates into a tax savings of approximately $204 for an individual (5.3% of $3850). Failure to meet the mandate in 2008 will result in a fine for each month the individual does not have coverage. The fine will equal 50% of the least costly, available insurance

premium that meets the standard for credible coverage. The Department of Revenue will enforce the individual mandate through the tax collection process.

4. Is it effective?
    a. 170,000 uninsured have signed up for health insurance, but most of them are poor. Only 17,500 have signed up for the unsubsidized health insurance plans (through July, 2007). This leaves 200K – 300K still uninsured. This year the penalty for not obtaining insurance is weak (about $200), thus the incentive to buy insurance may be low. In 2008 the penalty is much larger amounting to around $150 a month. (source: *Facts on the Massachusetts Health Reform Law*, MSNBC)

California

1. Governor's Health Care Proposal (not implemented)
2. Employer Mandate
    a. The proposal's premise is that requiring individuals to carry coverage is the most effective strategy for fixing the broken health care system in California. An employer mandate will not achieve universal coverage because it fails to address the needs of part-time, seasonal and unemployed uninsured Californians.
    b. To prevent crowd out there will be an "in-lieu" fee equal to 4% of the employer payroll for non-insuring employers with 10 or more employees and a proposed provision that will be added to the Labor Code making it an unfair business practice for an employer to differentiate the employer premium contribution by class of employee.
3. Individual Mandate
    a. All Californians must have a minimum level of coverage. Low-income residents will be provided expanded access to public programs such as Medi-Cal and Healthy Families, and lower income working residents will be provided financial assistance to help the cost of coverage through a new state-administered purchasing pool.
    b. Systems will be established to facilitate enrollment of uninsured persons who use the health care system. Providers will be crucial in facilitating enrollment by instituting strategies such as on-site enrollment at provider locations, as well as requiring every patient to present a coverage card at the point of service.
    c. The salary tax withholding and payment process with the Employment Development Department and the state income tax filing process will be utilized to promote compliance with the individual mandate.
    d. The purchasing pool premium contribution levels (based on FPL) will be slightly higher than employee only premium contribution levels to prevent crowd out.